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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

[1](#)1. Mideast

[1](#)2. US-Israel Relations

Key stories in the media:

Among the main stories over the weekend were the formation by PA

Chairman [President] Mahmoud Abbas of an emergency cabinet headed by Salam Fayyad, in defiance of Hamas; the flight of Palestinians from the Gaza Strip; and the expeditious nomination by PM Ehud Olmert of newly elected Labor Party Chairman Ehud Barak to the post of defense minister.

The media quoted PM Ehud Olmert as saying on Sunday that Israel would work with the international community to meet the humanitarian needs of Gaza residents and would not intervene militarily, but at the same time, "we will not stand idly by and watch the execution of innocent people." He did not explain what form Israel's refusal to "stand idly by" might take. Olmert, who was meeting in New York with UN Secretary-General Ban Ki-moon, was responding to the UN official's fears of a humanitarian crisis in Gaza. Israel Radio reported that the London-based daily Ash-Sharq Al-Awsat published an article by FM Tzipi Livni, in which she explains that Israel has no intention of ruling the Palestinians. The Jerusalem Post quoted Internal Security Minister Avi Dichter as saying on Sunday that he told Olmert that if Egypt cannot assert its authority over the "Philadelphi Corridor" between the Gaza Strip and Sinai, Israel will have to take charge.

Ha'aretz reported that Abbas intends to demand that Israel immediately implement the American "benchmark" proposal for increasing Palestinian freedom of movement in the territories. Ha'aretz also quoted advisors to Abbas as saying on Sunday that he will ask Israel to release a massive number of Palestinian prisoners, first and foremost Marwan Barghouti. The advisors contended that a significant prisoner release would vastly increase Abbas's popularity, while Barghouti in particular, as the most popular Fatah politician could do much to bolster the Chairman's standing in the West Bank and Gaza. Barghouti is currently serving five life terms in prison for the murder of five Israeli civilians. In addition, the advisors were quoted as saying that Israel must not interfere with efforts to recruit, train, and arm Fatah's security forces: "Israel's operations completely destroyed these forces in the West Bank." "[Israel] must allow freedom of movement to members of the Palestinian security services and not impede their training." (The Jerusalem Post filed a similar report.) Finally, the sources were quoted as saying that Israel must resume diplomatic negotiations with Abbas, in order to give the Palestinians a diplomatic horizon, and must hand over all the tax revenues it has collected on the PA's behalf, so that Abbas can pay the authority's employees. Ha'aretz wrote that the Foreign Ministry is recommending against any violation of the Oslo Accords in response to Hamas's takeover of the Gaza Strip. The ministry believes that any violation of an agreement by Israel would make it legitimate for Hamas not to recognize such deals, and would harm Israel's standing in the international community. On Sunday Maariv (Ben Caspit) reported that on Saturday Olmert was in contact with Abbas. The Palestinians told Olmert that for now he has to calm down the situation, not to descend upon them with gestures.

Israel Radio quoted Jacob Waller, the US Consul-General in Jerusalem, as saying on Sunday in an interview with AP that the US will fully support Abbas's new government and at the same time work to avoid a humanitarian disaster in the Gaza Strip following Hamas's violent takeover there. Over the weekend the media reported that the US and the Quartet stressed their support for Abbas. On Sunday The Jerusalem Post reported that an Egyptian diplomatic official told the newspaper that a separation of the West Bank and the Gaza Strip under the rule of the two separate Palestinian factions would be a recipe for disaster.

Ha'aretz quoted a source in Olmert's entourage as saying earlier that Israel would continue to supply water, electricity and medical supplies to Gaza, and would also allow food and other essential supplies to enter the strip through Israel. Media also reported that Olmert promised that Israel would cooperate with the new government that Abbas appointed in the West Bank on Sunday. However, the PM added that Abbas must in turn take vigorous action against Hamas forces in the West Bank to ensure that the Islamic organization does not take over there as well. In addition, he was quoted as saying that Israel will consider releasing the frozen tax revenues, amounting to some USD 562 million, to Abbas. Ha'aretz also reported that Olmert told Ban that the Hamas takeover of Gaza proved that Israel's skepticism of the PA unity government had been justified. Ha'aretz reported that on the plane en route to New York

a source in Olmert's entourage told journalists that the idea of stationing an international force along the Gaza-Egypt border to prevent arms smuggling into Gaza is no longer on the agenda. According to the source, Egypt as well as Hamas oppose the idea making deployment of a force with a robust mandate (the only kind Israel would accept) highly unlikely. The media reported that Olmert will fly to Washington today and meet with President Bush on Tuesday. Maariv reported that Gaza residents in need of urgent medical treatment are not allowed to cross into Israel.

Ha'aretz reported that the Israeli economy is losing about 8 million shekels (around USD 1.9 million) a day in direct damages from the closure of the Gaza Strip as a result of the Hamas takeover. The Jerusalem Post quoted John Ging, the head of the UN Relief and Works Agency, as saying that his organization returned to full operation on Sunday, but quoted him as saying that it had food stocks for only 10 days to feed the 1.11 million people who are dependent upon it for survival. Ha'aretz quoted people involved in trade with the Palestinians in Gaza as saying that supplies should last only two weeks at most. Ha'aretz also said that Gaza Strip residents are completely dependent on Israel for electricity, fuel, and water. Ha'aretz and The Jerusalem Post reported that on Sunday the private energy company Dor Alon cut off supplies of fuel to Gaza.

All media reported that on Sunday afternoon three Katyusha rockets fired from Lebanon landed in the Kiryat Shmona area in northern Israel. No injuries were reported and the IDF believes that that further rocket attacks are unlikely. Hizbullah published a statement denying responsibility, and quoting Lebanese and Israeli sources attributing it to a Palestinian organization. Israel did not react. Israel Radio quoted PM Ehud Olmert as saying in New York that Israel would have responded differently had there been casualties.

Maariv reported that the UN's Special Coordinator for the Middle East Peace Process, Michael Williams, recently informed PM Olmert that Syrian President Bashar Assad is willing to start negotiations with Israel without preconditions.

Major media reported that on Sunday three High Court Justices ruled that the state must inform the Court within 45 days if it is willing to establish an independent committee to investigate the assassination of leading Hamas militant Salah Shehadeh in July 2002, including the question of whether a criminal probe is justified.

On Sunday The Jerusalem Post reported that Bank of Israel Governor Stanley Fischer has turned down an offer from PM Olmert to become finance minister.

Ha'aretz reported that that UN has almost completed mapping of the Sheba Farms region, from which it expects Israel to withdraw.

Ha'aretz published the results of a survey commissioned in April by The Israel Project (TIP), an organization that strives to improve Israel's image in America and the rest of the world. TIP polled 500 representatives of the "opinion elite": college graduates with annual incomes above USD 75,000, who vote in elections, and read newspapers and magazines. They were asked, among other things, to rank their attitude toward Israel and Hamas, Syria, Iran and Hizbullah, on a scale of 1 to 100, with below 50 indicating a "cold" attitude and above it a "warm" attitude. Israel received a 66, while the others scored between 19 (Hizbullah) and 30 (Syria). "Who is to blame for the instability in the Middle East?" the poll asked. Seventy-three percent blamed "Islamic extremism" and only 12 percent named "Israel and its policies." According to Ha'aretz, the poll contains "some rather sad working assumptions": 57 percent "strongly agree" that "the Arab countries around Israel are hostile to its existence," and 85 percent overall said they "agree" with that statement. Some 75 percent said they agreed that "the Arabs do not really accept Israel's right to exist." But there are also findings that suggest a possible course of action. For example, 70 percent cited the need to be "a leader in working for peace" as heading the list of 13 qualities required of an American "ally." But only 16 percent saw this among Israel's traits. Sixty percent did not agree that "Israel is an obstacle for peace" -- but 38 percent did, and 29 percent of them were Republican voters, while 42 percent said they were Democrats. Ha'aretz noted that the findings among the general

public constitute an "improvement" over a poll from October 2005, in which 50 percent said Israel is not an obstacle for peace, compared with 43 percent who believed that it was.

I1. Mideast:

Summary:

Senior Middle East affairs analyst Zvi Bar'el wrote on page one of the independent, left-leaning Ha'aretz: "The link between Gaza and the West Bank is a link of cooperation in the vision of Palestinian nationhood."

Ha'aretz editorialized: "The line that must guide Israel's policy is that central Palestinian rule -- as weak and problematic as it may be -- is better for us than the transformation of the territories into a miniature Iraq."

The conservative, independent Jerusalem Post editorialized: "If the West continues to offer Palestinians nothing more than a choice between Hamas and a corrupt Hamas-lite, they are likely to continue to choose Hamas."

Chief Economic Editor Sever Plotker wrote in the editorial of the mass-circulation, pluralist Yediot Aharonot: "It is not very pleasant to admit it, but in the battle for control of the Gaza Strip, Hamas was in the right."

Former Mossad director Ephraim Halevy wrote in the editorial of Yediot Aharonot: "The Defense Minister, Ehud Barak, will undoubtedly carry out all the necessary inquiries [regarding the posting of international forces in the Gaza Strip] and decide on a policy that takes into account all the angles and aspects of the situation that Israel has entered over the course of the past year of agony."

Block Quotes:

II. "One State For One People"

Senior Middle East affairs analyst Zvi Bar'el wrote on page one of the independent, left-leaning Ha'aretz (6/18): "The victory shouts of Hamas in Gaza and the hastily established emergency government in the West Bank ostensibly strengthen the impression that the Palestinians' land will really be divided: the West Bank to Fatah and Gaza to Hamas. This is also the reason for the haste with which Washington and Israel are willing to grant the emergency government favors it was not wise enough to give before the 2006 elections, not to mention afterward. It is as if they too were hurrying to celebrate the division between 'heaven' and 'hell' and to show the citizens of Palestine how much they had lost by voting for Hamas. But it seems that the celebrations are premature because Gaza cannot disconnect from the West Bank. Anyone who still sees Oslo as a basis for continued formal cooperation with the PA -- and such cooperation cannot exist without it -- must see Gaza and the West Bank as one unit. The link between Gaza and the West Bank is a link of cooperation in the vision of Palestinian nationhood. That is the basis on which Hamas built its struggle against Israel and its later partnership with Fatah."

II. "Who Will Give Us a Partner?"

Ha'aretz editorialized (6/18): "The line that must guide Israel's policy is that central Palestinian rule -- as weak and problematic as it may be -- is better for us than the transformation of the territories into a miniature Iraq.... The Israeli government and the Quartet must resurrect the road map and present the Palestinians with a new and credible diplomatic agenda that will lead to the end of the occupation and a permanent status arrangement.... Together with the easing of restrictions on the civilian population in the West Bank and the bolstering of Fatah under the leadership of Abbas and Fayyad, the decline into humanitarian disaster in the Gaza Strip

must be prevented. As long as the Hamas leadership reins in Qassam rocket fire and prevents terror attacks, there is no reason not to coordinate with them the opening of the border crossings to allow supplies and merchandise in and agricultural produce out. Starving children and distressing the elderly are neither just nor wise."

III. "Learn From Mistakes"

The conservative, independent Jerusalem Post editorialized (6/18): "Fatah now claims it collapsed before the Hamas forces because it had been busy fighting Israel. Before pouring in assistance, the US and Israel must demand that Fatah end its absurd competition with Hamas over which faction is more anti-Israel and instead provide a real alternative to the Islamist movement. This means giving Palestinians a true choice between building Palestine -- including settling refugees, ending incitement and instituting the rule of law -- and a fruitless war with Israel. Perhaps Palestinians, given a choice between Hamas's perpetual war and leaders who demonstrate they are serious about ending the war with Israel in order to create a Palestinian state, will still choose the former. Yet there is a chance that, given the opportunity, they are ready for peace. However slim that chance may be, we do know this: If the West continues to offer Palestinians nothing more than a choice between Hamas and a corrupt Hamas-lite, they are likely to continue to choose Hamas."

IV. "Burying One's Head in the Snow"

Chief Economic Editor Sever Plotker wrote in the editorial of the mass-circulation, pluralist Yediot Aharonot (6/17): "Fatah, a corrupt and futureless organization, is one of a long list of 'national liberation' movements which sprang up like mushrooms after the rain in the 1960s and 1970s.... With the disintegration of the Soviet Union, these national liberation movements also disintegrated, with the exception of that of the Palestinians, even though one could have anticipated its disintegration after the Oslo Accords were signed. Indeed that is what happened, but it took 14 years.... It is not very pleasant to admit it, but in the battle for control of the Gaza Strip, Hamas was in the right. Hamas is cruel, disgusting and filled with hatred for Israel, but it was victorious in democratic elections, and all it wanted was to reap the fruits of its victory. Hamas did not 'seize control' of Gaza. It took the action needed to enforce its authority, disarming and destroying a militia that refused to bow to its authority. Hamas aspires to realize the dream of 'one authority and one rifle' -- first in Gaza and later in the West Bank, all in its own good time. Reality, when it is ignored, returns with greater force and punishes he who has suppressed it."

1V. "Internationalization of the Conflict"

Former Mossad director Ephraim Halevy wrote in the editorial of Yediot Aharonot (6/18): "Following the collapse of the joint policy of the US, Israel, and Fatah in Gaza, and the fall of the Gaza Strip into the hands of Hamas, one proposal that has arisen is to station an international force there. What would the task of the force be? To 'protect' Israel against Hamas? To prevent the firing of Qassam rockets and more accurate and lethal rockets at Israel? To fight against Hamas alongside the IDF or instead of the IDF, and to cause its collapse? And if such a force is stationed [in Gaza], when would a similar force be stationed in Judea and Samaria [i.e. the West Bank]? The situation is much more complex than in the past, and it requires in-depth analysis and a long-term perspective. The Defense Minister, Ehud Barak, will undoubtedly carry out all the necessary inquiries and decide on a policy that takes into account all the angles and aspects of the situation that Israel has entered over the course of the past year of agony."

12. US-Israel Relations:

Summary:

Diplomatic correspondent Herb Keinon wrote in the conservative,

independent Jerusalem Post: "To a large extent, the Americans have regained confidence that [Ehud Olmert] is a leader who will be around for a while."

Roni Bart of Israel's Institute for National Security Studies wrote in The Jerusalem Post: "Instead of asking [the US] for a 25 percent increase [in aid] over 10 years, Israel should suggest a weaning process: a 100 percent decrease over 25 years."

Block Quotes:

I. "Olmert's Transformation in America's Eyes -- From Lame Duck to Winner"

Diplomatic correspondent Herb Keinon wrote in the conservative, independent Jerusalem Post (6/18): "[Condoleezza] Rice wanted to wait until the dust from the [Winograd Commission's] report settled, and see what type of Israeli government would emerge, and who would be its head. Well, the dust has settled, and -- according to US assessments -- Olmert is firmly in place.... [Ehud] Barak's appointment as defense minister will, diplomatic officials say, restore a degree of confidence in Israel's military, because he is seen as 'supremely competent.' And, like [Shimon] Peres, Barak is viewed as someone 'serious about wanting peace,' someone who in 2000 both at Camp David and through his decision to withdraw from Lebanon showed willingness to 'take chances for peace.' From a political point of view, Olmert timed his visit to the US perfectly.

To a large extent, the Americans have regained confidence that he is a leader who will be around for a while. What Olmert will now try to do is use the US trip, and President George W. Bush's support, to convince a skeptical Israeli public of the same."

II. "Should Israel Really Be Asking For an Increase in US Aid?"

Roni Bart of Israel's Institute for National Security Studies wrote in The Jerusalem Post (6/18): "Israel's military needs are many and expensive, and the United States is generous. However, American aid amounts to only 4 percent of Israel's annual budget. Israel can and should change its budgetary priorities to gradually decrease American aid. Instead of asking for a 25 percent increase over 10 years, Israel should suggest a weaning process: a 100 percent decrease over 25 years."

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